



DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

**Agency Information Collection Activities: Submission for OMB Review; Joint
Comment Request**

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); and Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice of information collection to be submitted to OMB for review and approval under the Paperwork Reduction Act of 1995.

SUMMARY: In accordance with the requirements of the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. chapter 35), the OCC, the Board, and the FDIC (the agencies) may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. On August 12, 2013, the agencies, under the auspices of the Federal Financial Institutions Examination Council (FFIEC), requested public comment for 60 days on proposed revisions to the regulatory capital components and ratios portion of Schedule RC-R, Regulatory Capital, in the Consolidated Reports of Condition and Income (Call Report or FFIEC 031 and FFIEC 041) and to the Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework (FFIEC 101). The proposed revisions to the Call Report and the FFIEC 101 are reflective

of the revised regulatory capital rules issued by the agencies in July 2013 (revised regulatory capital rules).

After considering the comments received on the proposed revisions, the FFIEC and the agencies will proceed with the proposed reporting revisions with some modifications as described in sections II and III of the **SUPPLEMENTARY INFORMATION** section below. The proposed revisions to the FFIEC 101 and, if applicable, Call Report Schedule RC-R would be effective March 31, 2014, for institutions subject to the advanced approaches risk-based capital rule (advanced approaches institutions) that are not savings and loan holding companies. Advanced approaches institutions that are savings and loan holding companies subject to the revised regulatory capital rules would begin reporting the revised FFIEC 101 effective March 31, 2015. All other institutions that are required to file the Call Report would begin reporting the revised Call Report Schedule RC-R effective March 31, 2015.

DATES: Comments must be submitted on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to any or all of the agencies. All comments, which should refer to the OMB control number(s), will be shared among the agencies.

OCC: Because paper mail in the Washington, DC, area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0081 and 1557-0239, 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by

fax to (571) 465-4326 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Board: You may submit comments, which should refer to “FFIEC 031, FFIEC 041, and FFIEC 101,” by any of the following methods:

Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at: <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Email: regs.comments@federalreserve.gov. Include reporting form number in the subject line of the message.

FAX: (202) 452-3819 or (202) 452-3102.

Mail: Robert DeV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551.

All public comments are available from the Board’s web site at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless

modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper in Room MP-500 of the Board's Martin Building (20th and C Streets, NW.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FDIC: You may submit comments, which should refer to "FFIEC 031, FFIEC 041, and FFIEC 101," by any of the following methods:

- Agency Web Site: <http://www.fdic.gov/regulations/laws/federal/propose.html>.
Follow the instructions for submitting comments on the FDIC Web site.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Email: comments@FDIC.gov. Include "FFIEC 031, FFIEC 041, and FFIEC 101" in the subject line of the message.
- Mail: Gary A. Kuiper, Counsel, Attn: Comments, Room NYA-5046, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.
- Hand Delivery: Comments may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street) on business days between 7:00 a.m. and 5:00 p.m.

Public Inspection: All comments received will be posted without change to <http://www.fdic.gov/regulations/laws/federal/propose.html> including any personal information provided. Comments may be inspected at the FDIC Public Information Center, Room E-1002, 3501 Fairfax Drive, Arlington, VA 22226, between 9:00 a.m. and 5:00 p.m. on business days.

Additionally, commenters may send a copy of their comments to the OMB desk officer for the agencies by mail to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503; by fax to (202) 395-6974; or by email to oir_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: For further information about the proposed revisions to the regulatory capital reporting requirements discussed in this notice, please contact any of the agency clearance officers whose names appear below. In addition, copies of the revised FFIEC 031, FFIEC 041, and FFIEC 101 forms and instructions can be obtained at the FFIEC's web site (http://www.ffiec.gov/ffiec_report_forms.htm).

OCC: Mary H. Gottlieb and Johnny Vilela, OCC Clearance Officers, (202) 649-5490, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

Board: Cynthia Ayouch, Federal Reserve Board Clearance Officer, (202) 452-3829, Division of Research and Statistics, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551. Telecommunications Device for the Deaf (TDD) users may call (202) 263-4869.

FDIC: Gary A. Kuiper, Counsel, (202) 898-3877, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429.

SUPPLEMENTARY INFORMATION: The agencies are proposing to revise, without extension, the Call Report and to revise, with extension, the FFIEC 101, which are currently approved collections of information for each agency.

Report Title: Consolidated Reports of Condition and Income (Call Report).

Form Number: Call Report: FFIEC 031 (for banks with domestic and foreign offices) and FFIEC 041 (for banks with domestic offices only).

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Number: 1557-0081.

Estimated Number of Respondents: 1,807 national banks and federal savings associations

Estimated Time per Response: 56.19 burden hours per quarter to file.

Estimated Total Annual Burden: 406,141 burden hours to file.

Board:

OMB Number: 7100-0036.

Estimated Number of Respondents: 841 state member banks.

Estimated Time per Response: 57.29 burden hours per quarter to file.

Estimated Total Annual Burden: 192,724 burden hours to file.

FDIC:

OMB Number: 3064-0052.

Estimated Number of Respondents: 4,325 insured state nonmember banks and state savings associations.

Estimated Time per Response: 42.02 burden hours per quarter to file.

Estimated Total Annual Burden: 726,946 burden hours to file.

The estimated time per response for the quarterly filings of the Call Report is an average that varies by agency because of differences in the composition of the institutions under each agency's supervision (e.g., size distribution of institutions, types of activities in which they are engaged, and existence of foreign offices). The average reporting

burden for the filing of the Call Report as it is proposed to be revised is estimated to range from 18 to 750 hours per quarter, depending on an individual institution's circumstances.

Report Title: Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework.

Form Number: FFIEC 101.

Frequency of Response: Quarterly.

Affected Public: Business or other for-profit.

OCC:

OMB Number: 1557-0239.

Estimated Number of Respondents: 14 national banks and federal savings associations.

Estimated Time per Response: 675 burden hours per quarter to file.

Estimated Total Annual Burden: 37,800 burden hours to file.

Board:

OMB Number: 7100-0319.

Estimated Number of Respondents: 20 state member banks, bank holding companies, and savings and loan holding companies.

Estimated Time per Response: 675 burden hours per quarter to file.

Estimated Total Annual Burden: 54,000 burden hours to file.

FDIC:

OMB Number: 3064-0159.

Estimated Number of Respondents: 8 insured state nonmember banks and state savings associations.

Estimated Time per Response: 675 burden hours per quarter to file.

Estimated Total Annual Burden: 21,600 burden hours to file.

General Description of Reports

The Call Report information collections are mandatory for the following institutions: 12 U.S.C. 161 (national banks), 12 U.S.C. 324 (state member banks), 12 U.S.C. 1817 (insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (savings associations) (collectively, Call Report filers). At present, except for selected data items, Call Report information collections are not given confidential treatment.

The FFIEC 101 information collections are mandatory for institutions using the advanced approaches risk-based capital rule (advanced approaches institutions): 12 U.S.C. 161 (national banks), 12 U.S.C. 324 and 12 U.S.C. 1844(c) (state member banks and bank holding companies, respectively), 12 U.S.C. 1467a(b) (savings and loan holding companies), 12 U.S.C. 1817 (insured state nonmember commercial and savings banks), and 12 U.S.C. 1464 (savings associations). Under the agencies' current practice, the FFIEC 101 information collections are given confidential treatment (5 U.S.C. 552(b)(4)) for reports submitted until the first report date after the reporting institution conducts a satisfactory parallel run. For reports collected as of that report date and thereafter, Schedules A and B and line items 1 and 2 of Schedule S of the institution's FFIEC 101 are no longer given confidential treatment. For the FFIEC 101 as it is proposed to be revised and consistent with the implementation timeline established by the revised regulatory capital rules, the agencies would make public the information collected on the FFIEC 101 Schedule A, except for a few advanced approaches-specific line items identified below, for all advanced approaches institutions regardless of their parallel run status starting with the report for the March 31, 2014, report date. Specific line items that

would not be made public until after the reporting institution completes the parallel run process and receives notification from its primary federal supervisor pursuant to section 121(d) of subpart E of the revised regulatory capital rules would include the information collected on the FFIEC 101, Schedule B, except for column D of the new items 31.a and 31.b, and line items 1 and 2 of Schedule S.

Abstract

Call Report: Institutions submit Call Report data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data also are used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

FFIEC 101: Each advanced approaches institution is required to file quarterly regulatory capital data in the FFIEC 101, the extent of which depends on whether the institution has begun its parallel run period under the Advanced Capital Adequacy Framework. The agencies use these data to assess and monitor the levels and components of each reporting entity's risk-based capital requirements and the adequacy of the entity's capital under the Advanced Capital Adequacy Framework; to evaluate the

impact and competitive implications of the Advanced Capital Adequacy Framework on both an individual reporting-entity and an industry-wide basis; and to supplement on-site examination processes. The reporting schedules also assist advanced approaches institutions in understanding expectations around the system development necessary for implementation and validation of the Advanced Capital Adequacy Framework.

Current Actions

I. Summary of the Proposed Revisions

On August 12, 2013, the agencies requested comment on proposed revisions to the FFIEC 101 and the regulatory capital components and ratios portions of Call Report Schedule RC-R to reflect the revised regulatory capital rules¹ (the proposal).² The revisions would become effective for the March 31, 2014 report date, for advanced approaches institutions that are not savings and loan holding companies,³ and for the March 31, 2015 report date, for all other institutions that are required to file Call Report

¹ The revised regulatory capital rules were approved and issued by the agencies in July 2013. The revised regulatory capital rules were published in the Federal Register by the Board and the OCC on October 11, 2013. See 78 FR 62018. The revised regulatory capital interim final rule was published in the Federal Register by the FDIC on September 10, 2013. See 78 FR 55340.

² See 78 FR 48932.

³ An advanced approaches institution as defined in section 100 of the agencies' revised regulatory capital rules (i) has consolidated total assets (excluding assets held by an insurance underwriting subsidiary) on its most recent year-end regulatory report equal to \$250 billion or more; (ii) has consolidated total on-balance sheet foreign exposure on its most recent year-end regulatory report equal to \$10 billion or more (excluding exposures held by an insurance underwriting subsidiary), as calculated in accordance with the FFIEC 009 Country Exposure Report; (iii) is a subsidiary of a depository institution that uses the advanced approaches pursuant to subpart E of 12 CFR part 3 (OCC), 12 CFR part 217 (Board), or 12 CFR part 325 (FDIC) to calculate its total risk-weighted assets; (iv) is a subsidiary of a bank holding company or savings and loan holding company that uses the advanced approaches pursuant to 12 CFR part 217 to calculate its total risk-weighted assets; or (v) elects to use the advanced approaches to calculate its total risk-weighted assets. See 78 FR 62204 (OCC and Board); 78 FR 55523 (FDIC). Section III of this notice discusses the filing requirements for the FFIEC 101 once an institution meets one or more of the threshold criteria for purposes of the advanced approaches rule or elects to use the advanced approaches rule.

Schedule RC-R as well as advanced approaches institutions that are savings and loan holding companies subject to the revised regulatory capital rules.⁴

The agencies collectively received comments on the proposal from three entities: two banking organizations and one bankers' association. The commenters asked for clarification on the applicability and effective dates of the proposed reporting requirements and for additional instructions on certain line items.⁵ The agencies have addressed all substantive comments received as described in detail in sections II and III below.

II. Proposed Call Report Schedule RC-R, Part I.B

Consistent with the proposal, in March 2014, the existing and proposed regulatory capital components and ratios portion of Schedule RC-R would be designated Parts I.A and I.B, respectively. Call Report filers that are not advanced approaches institutions would file Part I.A, which includes existing data items 1 through 33 of current Schedule RC-R. Call Report filers that are subject to the advanced approaches and to the revised regulatory capital rules effective January 1, 2014, would be required to file Part I.B in March 2014, which includes the reporting revisions proposed herein, consistent

⁴ The agencies expect to publish at a later date a request for comment on a separate proposal to revise the risk-weighted assets portion of Call Report Schedule RC-R to incorporate the standardized approach for calculating risk-weighted assets under the revised regulatory capital rules. The revisions to the risk-weighted assets portion of Schedule RC-R would take effect March 31, 2015. The agencies have decided to propose changes to Schedule RC-R in two stages to allow interested parties to better understand the proposed revisions and focus their comments on areas of particular interest. Therefore, for report dates in 2014, all Call Report filers will continue to report risk-weighted assets in the portion of Schedule RC-R that contains existing data items 34 through 62 and Memorandum items 1 and 2 of current Schedule RC-R, but this portion of the schedule will be designated Part II and the data items will retain their existing numbers.

⁵ In addition, one other commenter on the proposal urged the agencies to revise the regulatory capital treatment of the allowance for loan and lease losses (ALLL) if the Financial Accounting Standards Board (FASB) changes the accounting standards applicable to ALLL. The agencies note that this comment suggests a substantive change to the revised regulatory capital rules and is outside the scope of the proposed changes to the Call Report and FFIEC 101.

with the revised regulatory capital rules. In March 2015, Part I.A would be removed and Part I.B would be designated Part I; all Call Report filers would then submit Part I.

As proposed, Part I.B, Regulatory Capital Components and Ratios, would be divided into the following sections: (A) Common equity tier 1 capital; (B) common equity tier 1 capital: adjustments and deductions; (C) additional tier 1 capital; (D) tier 2 capital; (E) total assets for the leverage ratio; (F) capital ratios; and (G) capital buffer. A brief description of each of these sections and the corresponding line items is provided below. The agencies did not receive any comments on the overall structure of the proposed Schedule RC-R, Part I.B and thus will proceed with the overall structure of Part I.B, as proposed. The agencies will make clarifications to certain line items to reflect public comments, as discussed below.

The agencies received several questions regarding the reporting treatment for items subject to transition provisions in Schedule RC-R, Part I.B. Specifically, commenters asked for clarification on reporting transition amounts of items subject to regulatory capital adjustments and deductions and reporting disallowed amounts during the transition period. As described below in section II.B of this notice, transition amounts, as proposed, are to be reported in the Schedule RC-R line item applicable to the particular regulatory capital adjustment or deduction, while the otherwise disallowed portion of each of these items is either risk-weighted or deducted from additional tier 1 capital, depending on the item.

Commenters also asked the agencies for clarification of the reporting of the risk-weighted portion of an item subject to deduction in Schedule RC-R. The agencies are clarifying, and the instructions for Part I.B of Schedule RC-R will indicate, that the risk-

weighted portion of such items as proposed must be reported in the line item appropriate to the item subject to deduction in Schedule RC-R, Part II, Risk-Weighted Assets. In addition, the agencies are clarifying that even though certain deductions may be net of associated deferred tax liabilities (DTLs), the risk-weighted portion of those items may not be reduced by the associated DTLs.

For example, for institutions subject to the revised regulatory capital rules on January 1, 2014, the appropriate line item for reporting the risk-weighted portion of mortgage servicing assets (MSAs) that are not deducted from common equity tier 1 capital, for report dates in 2014, is Schedule RC-R, Part II, item 42, “All other assets.” The risk-weighted asset portion of MSAs may not be reduced by any associated DTLs. Also, the line items in Part II will be renumbered in 2015 because, as indicated in footnote 4 of this notice, the agencies expect to propose revisions to the risk-weighted assets portion of Call Report Schedule RC-R to incorporate the standardized approach for calculating risk-weighted assets under the revised regulatory capital rules. The agencies will update the Part II line item references as appropriate in the Schedule RC-R instructions for 2015 after the revisions to the risk-weighted assets portion of the schedule are finalized.

The agencies received several questions related to the calculation of the leverage ratio and the specific deductions from the leverage ratio denominator. One commenter asked the agencies to confirm that all banking organizations, including savings associations, must use average total assets from Call Report Schedule RC-K, item 9, to calculate total assets for the leverage ratio. The agencies are confirming that average total assets from Schedule RC-K, item 9, must be used to calculate total assets for the

leverage ratio by advanced approaches institutions beginning in March 2014 and by all other institutions, including savings associations, beginning in March 2015. The same commenter asked the agencies to confirm the deductions from common equity tier 1 capital and additional tier 1 capital that must be made to calculate total assets for the leverage ratio. The agencies are specifying the deductions that must be made to calculate total assets for the leverage ratio, as described in section II.E below.

One commenter asked the agencies to confirm the effective dates for reporting the capital conservation buffer and the supplementary leverage ratio. The agencies are confirming that the capital conservation buffer (and any other applicable buffer for advanced approaches institutions) must be reported for report dates after January 1, 2016. Advanced approaches institutions must report the supplementary leverage ratio for report dates after January 1, 2015 (see section III of this notice for additional details on the reporting of this line item by advanced approaches institutions). The agencies are also shading out the corresponding cells in the draft reporting form for Schedule RC-R, Part I.B, to show that institutions should not report these items until they become effective.

A brief description of the proposed revisions and the comments received on specific line items in Schedule RC-R, Part I.B, are provided below.

A. Schedule RC-R, Part I.B, items 1-5: Common equity tier 1 capital

Under the proposal, line items 1 through 5 would collect information regarding the new regulatory capital component, common equity tier 1 capital. The agencies did not receive any comments on these line items and thus would retain the proposed line items without modification.

B. Schedule RC-R, Part I.B, items 6-19: Common equity tier 1 capital: adjustments and deductions

Proposed line items 6 through 19 reflect adjustments and deductions to common equity tier 1 capital, as described in section 22 of the revised regulatory capital rules. The agencies received a number of questions on reporting items subject to transition provisions. Specifically, questions related to items 7 through 10 asked where the transition amounts of the adjustments and deductions covered by these specific items are to be reported. The instructions for proposed Schedule RC-R, Part I.B, explain that during the transition period as proposed, institutions must report the transition amounts of these adjustments and deductions, rather than their fully phased-in amounts, in items 7 through 10. Institutions would not be required to report fully phased-in amounts in items 7 through 10 until the transition period ends.

For example, during the transition period, an institution must report in item 7 the appropriate transition amount of intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of DTLs, as described in the instructions for that line item. The institution must also risk weight the non-deducted portion of that item at 100 percent and report it in Schedule RC-R, Part II, item 42, “All other assets.” As another example, during the transition period, an institution must report in item 8 the appropriate transition amount of deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs, calculated as a percentage of the adjustment applied to common equity tier 1 capital. The institution must then report during the transition period the remaining balance of DTAs that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs, in Schedule RC-R, Part I.B, item 24, “Additional tier 1 capital deductions.”

A commenter also asked about risk weighting the non-deducted portion of the threshold items (that is, significant investments in the capital of unconsolidated financial institutions in the form of common stock, net of associated DTLs; MSAs, net of associated DTLs; and DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs). The instructions for proposed Schedule RC-R, Part I.B, explain that during the transition period the non-deducted portion of these threshold items must be risk weighted at 100 percent in accordance with section 300 of the revised regulatory capital rules and reported in Schedule RC-R, Part II, “All other assets.” For report dates after January 1, 2018, the non-deducted portion of the threshold items must be risk-weighted at 250 percent in accordance with section 22 of the revised regulatory capital rules and reported in the appropriate asset category in Schedule RC-R, Part II.

C. Schedule RC-R, Part I.B, items 20 through 25: Additional tier 1 capital, and item 26: Tier 1 capital

Proposed line items 20 through 25 pertain to the reporting of additional tier 1 capital elements under section 20 of the revised regulatory capital rules, along with related adjustments for non-qualifying capital instruments subject to phase-out. The agencies did not receive any comments on these line items and thus would retain the proposed line items without modification.

D. Schedule RC-R, Part I.B, items 27 through 34: Tier 2 capital, and item 35: Total capital

Proposed line items 27 through 34 pertain to the reporting of tier 2 capital elements under section 20 of the revised regulatory capital rules, along with related adjustments for non-qualifying capital instruments subject to phase-out. The agencies did

not receive any comments on these line items and thus would retain the proposed line items without modification.

E. Schedule RC-R, Part I.B, items 36 through 39: Total assets for the leverage ratio

Under the proposal, institutions would report data for the calculation of the leverage ratio in items 36 through 39. As noted above, the agencies received two questions on the calculation of the total assets for the leverage ratio. First, a commenter asked the agencies to confirm that all banking organizations, including savings associations, must use average total assets from Call Report Schedule RC-K, item 9, to calculate total assets for the leverage ratio. The agencies are confirming that average total assets from Schedule RC-K, item 9, must be reported in Schedule RC-R, Part I.B, item 36, “Average total consolidated assets,” by advanced approaches institutions beginning in March 2014 and by all other institutions, including savings associations, beginning in March 2015.

Second, the same commenter asked the agencies to confirm the deductions from common equity tier 1 capital and additional tier 1 capital that must be made to calculate total assets for the leverage ratio. Specifically, the commenter asked whether the deductions made in Schedule RC-R, Part I.B, items 13 through 15, also must be made for purposes of the leverage ratio. The agencies are clarifying the reporting instructions for proposed Schedule RC-R, Part I.B, items 37 and 38, to address the commenter’s question. The agencies confirm that the amounts deducted from common equity tier 1 and additional tier 1 capital in Schedule RC-R, Part I.B, items 6, 7, 8, 10.b, 11, 13 through 17, and 24 must be included in Schedule RC-R, Part I.B, item 37. In addition, any other amounts that are deducted from common equity tier 1 and additional tier 1 capital, such

as deductions related to AOCI-adjustments, must be included in Schedule RC-R, Part I.B, item 38.

F. Schedule RC-R, Part I.B, item 40: Total risk-weighted assets and items 41 through 45: Capital ratios

Under the proposal, institutions would report data for the calculation of risk-weighted assets and capital ratios in items 41 through 45. The agencies received one question on this section of the proposal. Specifically, a commenter asked the agencies to confirm the effective date of reporting the supplementary leverage ratio in item 45. The agencies are modifying the Schedule RC-R, Part I.B, reporting form and the instructions for proposed item 45 to clarify that this item must be reported for report dates after January 1, 2015.

Under the proposal, for report dates in 2014, Call Report filers that are advanced approaches institutions would continue applying the general risk-based capital rules to calculate their total risk-weighted assets, which will continue to be reported in current item 62 of the risk-weighted assets portion of Schedule RC-R (to be designated Part II of the schedule in March 2014). This total risk-weighted assets amount would then also be reported in item 40.a of Part I.B of Schedule RC-R for report dates in 2014 and would serve as the denominator for the risk-based capital ratios reported in Schedule RC-R, Part I.B, items 41 through 44, column A. Effective March 31, 2015, all Call Report filers would be required to apply the standardized approach, described in subpart D of the revised regulatory capital rules, to calculate and report their risk-weighted assets in item 40.a and the risk-based capital ratios in items 41 through 44, column A, of the regulatory capital components and ratios portion of Schedule RC-R.

Advanced approaches institutions would report items 40 through 45 on proposed Schedule RC-R, Part I.B, as follows.

- F
or report dates in 2014, these institutions would continue applying the general risk-based capital rules to report their total risk-weighted assets in item 40.a, which would serve as the denominator of the ratios reported in items 41 through 44, column A.
- S
tarting on March 31, 2015, these institutions would apply the standardized approach, described in subpart D of the revised regulatory capital rules, to calculate and report their risk-weighted assets in item 40.a and the regulatory capital ratios in items 41 through 44, column A.
- A
fter they conduct a satisfactory parallel run, these institutions would report their total risk-weighted assets (item 40.b) and regulatory capital ratios (items 41 through 44, column B) using the advanced approaches rule.
- I
n addition, starting on March 31, 2015, these institutions would report a supplementary leverage ratio in item 45, as described in section 10 of the revised regulatory capital rules.

The agencies did not receive any comments on the proposed reporting of the regulatory capital ratios by advanced approaches institutions and thus would retain this section of the proposal without modification.

G. Schedule RC-R, Part I.B, items 46 through 48: Capital buffer

Under the proposal, an institution's capital conservation buffer and related information would be reported in items 46 through 48. The agencies received a question asking to confirm the effective date for reporting items 46 through 48. The agencies are modifying the Schedule RC-R, Part I.B, reporting form and the instructions for proposed items 46 through 48 to clarify that these items become effective for report dates after January 1, 2016. Until March 31, 2016, the corresponding cells in the draft reporting form for Schedule RC-R, Part I.B, would be shaded out.

III. Discussion of the Proposed FFIEC 101 Changes

The proposed revisions to the FFIEC 101 Schedule A would incorporate the Basel III capital disclosure template in its entirety, with some minor changes to the titles of the template's line items, consistent with the revised regulatory capital rules and the accounting terminology of U.S. generally accepted accounting principles (GAAP). To ensure transparency of reporting regulatory capital by all advanced approaches institutions, the agencies would, consistent with the proposal, make public the information collected on the proposed revised Schedule A, except for a few specific line items identified below, starting with the March 31, 2014, report date, regardless of an advanced approaches institution's parallel run status. The agencies also proposed to continue granting confidential treatment to certain items that are dependent on the implementation of the advanced approaches systems before an advanced approaches institution completes its parallel run period.

The agencies collectively received comments on the FFIEC 101 from one entity, a bankers' association. This commenter asked the agencies to clarify when an institution is

required to file the FFIEC 101 report if the institution has triggered the criteria for applying the advanced approaches rule but has not yet begun its parallel run period. The agencies are clarifying that an institution would begin completing FFIEC 101 Schedule A at the end of the quarter after the quarter in which the institution triggers one of the threshold criteria for applying the advanced approaches rule or elects to use the advanced approaches rule.⁶ However, the institution would not be required to report those Schedule A items that depend on the implementation of the advanced approaches rules (specifically, items 12, 50, 61 through 68, 78 through 79, and 86 through 90) and all the other schedules of the FFIEC 101 until the end of the first quarter in which the institution has begun its parallel run period.

The same commenter asked how an advanced approaches institution that has not completed its parallel run period should report its supplementary leverage ratio in Call Report Schedule RC-R and in FFIEC 101 Schedule A, since such an advanced approaches institution has a longer time period in which to submit the FFIEC 101 than the time period for submitting the Call Report. The agencies note that the calculation of the supplementary leverage ratio does not depend on the advanced approaches systems and thus this ratio can be calculated for purposes of the Call Report independent of an institution's preparation and submission of the FFIEC 101 report. Accordingly, consistent with the proposal, an advanced approaches institution that has not completed its parallel run would report the supplementary leverage ratio in Call Report Schedule RC-R and then it would report the details of its calculation of the supplementary leverage

⁶ An institution is deemed to have elected to use the advanced approaches rule on the date that its primary federal supervisor receives from the institution a board-approved implementation plan pursuant to section 121(b)(2) of the revised regulatory capital rules. After that date, in addition to being required to report on the FFIEC 101, Schedule A, the institution may no longer apply the AOCI opt-out election in section 22(b)(2) of the revised regulatory capital rules and it becomes subject to the supplementary leverage ratio in section 10(c)(4) of the revised regulatory capital rules and its associated transition provisions.

ratio on FFIEC 101 Schedule A by this report's later submission deadline. Similar to current reporting practices, if an institution calculates its FFIEC 101 data and discovers that the supplementary leverage ratio reported on its Call Report is not correct, the institution should submit an amended Call Report with the corrected information.

The commenter also asked for clarification of a limited number of line item instructions in Schedules A, B, H through O, and Q. The agencies are clarifying the instructions for these line items to the extent considered appropriate by revising and expanding specific instructions.

The agencies also note that the FFIEC 101 report title would be modified from "Risk-Based Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework" to "Regulatory Capital Reporting for Institutions Subject to the Advanced Capital Adequacy Framework." In addition, the agencies are modifying the name of Schedule A from "Schedule A—Advanced Risk-based Capital" to "Schedule A—Advanced Approaches Regulatory Capital." These modifications are consistent with the proposed revisions to the FFIEC 101, which entail the collection of data on regulatory capital and not just risk-based capital.

A. Schedule A: Advanced Approaches Regulatory Capital

Under the proposal, revised FFIEC 101 Schedule A incorporates the Basel III common disclosure template to ensure consistency and comparability of reporting of regulatory capital elements by advanced approaches institutions. Although the proposed revisions to Schedule A of the FFIEC 101 are consistent with the regulatory capital reporting approach followed in Call Report Schedule RC-R, Part I.B, as described in section II of this notice, Schedule A provides a more granular breakdown of regulatory

capital elements, deductions and adjustments, and regulatory capital instruments subject to phase-out, consistent with the Basel III common disclosure template.

The agencies received a number of questions on the reporting treatment for items subject to transition provisions, as described in section II.B of this notice. The agencies have clarified the reporting instructions for the applicable proposed line items in Schedule RC-R, Part I.B. The instructions for the corresponding line items in proposed revised FFIEC 101 Schedule A refer institutions to the Schedule RC-R, Part I.B, instructions. Since advanced approaches institutions would be able to continue to import the amounts to be reported in the majority of the line items in proposed revised FFIEC 101 Schedule A from proposed Call Report Schedule RC-R, Part I.B, the agencies do not believe it is necessary to modify the instructions for the same line items of FFIEC 101 Schedule A.⁷

Reporting confidential line items before completing the parallel run period:

Under the proposal, the agencies would make public the information collected on proposed revised Schedule A, except for a few specific line items identified below, for all advanced approaches institutions, starting with the March 31, 2014, report date. The agencies proposed to grant confidential treatment to the following Schedule A items for report dates before an institution has completed its parallel run period: Item 78 (total eligible credit reserves calculated using advanced approaches); item 79 (amount of eligible credit reserves includable in tier 2 capital); item 86 (expected credit loss that exceeds eligible credit reserves); item 87 (advanced approaches risk-weighted assets); item 88 (common equity tier 1 capital ratio calculated using advanced approaches); item

⁷ Advanced approaches institutions that file the FR Y-9C rather than the Call Report would be able to import the amounts to be reported in the majority of the line items in proposed revised FFIEC 101 Schedule A from the Federal Reserve's proposed revised Schedule HC-R.

89 (tier 1 capital ratio calculated using advanced approaches); and item 90 (total capital ratio calculated using advanced approaches). In addition, the agencies proposed that, before the completion of its parallel run period, an institution would report “zero” in line item 12 (expected credit loss that exceeds eligible credit reserves) and would complete line item 50 (eligible credit reserves includable in tier 2 capital) and line item 60 (total risk-weighted assets) by applying the general risk-based capital rules in 2014 and the standardized approach in 2015. Under the proposal, for the report dates after an institution conducts a satisfactory parallel run, the entire Schedule A would be made public.

The agencies did not receive any comments on making public the information collected on proposed revised Schedule A, as described above, and thus retain the proposed approach without modification.

Supplementary leverage ratio: Proposed line items 91 through 98 in Schedule A would collect data on a new supplementary leverage ratio requirement for advanced approaches institutions, effective March 31, 2015. As described in section II.F of this notice, a commenter asked the agencies to confirm the effective date for reporting the supplementary leverage ratio. The agencies have modified the proposed reporting form and the instructions for items 91 through 98 of Schedule A to clarify that these items must be reported for report dates after January 1, 2015. Until such time, the corresponding cells in the reporting form for Schedule A would be shaded out.

B. Schedules B, C, D, H, I, J, P, Q, R, and S: Risk-weighted assets

The proposal described proposed revisions to several of the risk-weighted assets schedules in the FFIEC 101, which are intended to be consistent with the revised

advanced approaches rules to calculate risk-weighted assets. The proposal would revise Schedules B, C, D, H, I, J, P, Q, and R as follows:

- Under Schedule B (summary table), the agencies proposed new line items to reflect the proposed changes in schedules C through R.
- Under Schedules H and J, the agencies proposed new line items to capture Credit Valuation Adjustment (CVA) amounts.
- Under Schedule P, the agencies proposed an updated securitization table.
- Under Schedule Q, the agencies proposed a new table to reflect cleared transactions.
- Under Schedules C, D, H, I, and J, the agencies proposed to collect data on exposures subject to a 1.25 asset correlation factor.
- Under Schedules H, I, and J, the agencies proposed data collections related to the internal models methodology (IMM), margin period of risk, and specific wrong-way risk.
- Under Schedule R, the agencies proposed removing items pertaining to an equity exposure treatment no longer permitted under the revised advanced approaches rule.

The agencies received comments from one commenter on the proposed revisions to these schedules. The following highlights only those areas of the proposed revisions for which the agencies received comments.

1.06 Scaling Multiplier and “Assets Not Included in a Defined Exposure Category” in Schedule B

The agencies did not propose to revise the FFIEC 101 regarding the 1.06 scaling multiplier in existing line item 28 of Schedule B, which was proposed to be renumbered as line item 30, “Total credit risk weighted assets (Cell G-29 x 1.06).” The commenter asked whether the 1.06 multiplier should be applied to all credit risk exposures, including “Assets Not Included in a Defined Exposure Category,” non-material portfolios, mortgage servicing rights, DTAs, and securitization exposures subject to a 1,250 percent risk weight.

The agencies reviewed the comment and determined that no change to renumbered line item 30 is necessary. Renumbered line item 27 in proposed revised Schedule B, “Assets Not Included in a Defined Exposure Category,” has always been subject to the 1.06 scaling multiplier. In addition, consistent with the revised regulatory capital rules, wholesale, retail, securitization, and equity exposures are all subject to the 1.06 multiplier. The CVA capital requirement is explicitly singled out in the revised regulatory capital rules as not being subject to the 1.06 multiplier. Therefore, all exposures except for the CVA charge are subject to the 1.06 scaling multiplier, as proposed for Schedule B. The agencies also are clarifying in the Schedule B instructions that exposures representing items in process of collection that are assigned a risk weight of 20 percent should be reported in line item 27, “Assets Not Included in a Defined Exposure Category.”

CVAs and Weighted Average Maturity Calculation in Schedules B, H, and J

The agencies proposed to insert memoranda items in Schedule H (Wholesale Exposure: Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives with Cross-Product Netting) and Schedule J (Wholesale Exposure: OTC Derivatives No

Cross-Product Netting) to reflect the new CVA requirements for over-the-counter (OTC) derivative activities under the revised regulatory capital rules.

The commenter observed that the CVA requirement is a portfolio calculation and would therefore encompass transactions with and without cross-product netting. The commenter sought clarification on where institutions should report the CVA exposure and risk-weighted asset amounts since each institution would only be reporting the CVA information on a single line item (rather than the two proposed line items in Schedules H and J). In addition, the commenter requested clarification on the calculation of weighted average maturity.

In response to this comment, the agencies have decided to remove the CVA memoranda items from Schedules H and J and instead collect this information in Schedule B. The agencies believe this is the appropriate location for reporting CVA information because Schedules H and J would otherwise needlessly require reporting institutions to distinguish between derivative transactions with and without cross-product netting for purposes of allocating CVAs measured at the portfolio level to subsets of the portfolio. Therefore, the agencies have agreed to insert the following line items in Schedule B: line item 31.a, “Credit valuation adjustment – simple approach,” and line item 31.b: “Credit valuation adjustment – advanced approach.” For the relevant Schedule B line item (either 31.a or 31.b), the reporting institutions would be required to report the amounts for risk-weighted assets and the exposure at default of exposures used to calculate CVA. The exposure at default information pertaining to CVA would remain confidential, even after an institution completes its parallel run period. These line items

would replace proposed Schedule B line item 31, “Total CVA RWA for OTC derivative transactions.”

In addition, if institutions apply a maturity floor, the general instructions for Schedule B clarify that reporting institutions should be consistent in the methodology they employ for calculating the weighted average maturity amount.

Holding Period or Margin Period of Risk in Schedules H, I, and J

The agencies proposed to insert memoranda items in Schedule H (Wholesale Exposure: Eligible Margin Loans, Repo-Style Transactions, and OTC Derivatives with Cross-Product Netting), Schedule I (Wholesale Exposure: Eligible Margin Loans and Repo-Style Transactions No Cross-Product Netting), and Schedule J (Wholesale Exposure: OTC Derivatives No Cross-Product Netting) to reflect the new capital requirements for the margin period of risk and wrong-way risk in the advanced approaches. The calculations and requirements associated with margin period of risk and wrong-way risk are described in section 132 of the revised regulatory capital rules.

The commenter asked how to report securities that have a “holding period or margin period of risk set for 20 days,” but also meet the criteria for “holding period or margin period of risk set for at least twice the minimum holding period that would otherwise be used (due to at least 3 disputes).” The agencies have agreed to clarify in the instructions that transactions meeting both criteria should be reported in one location under column C, “Holding period or margin period of risk set for at least twice the minimum holding period that would otherwise be used (due to at least 3 disputes).”

Reporting the credit scoring system in Schedules K through O

In their draft of the proposed revised FFIEC 101 reporting form, the agencies inadvertently removed the text field from existing item 18, which the agencies proposed to renumber as memorandum item 2, “Credit scores shown in Column O are from which credit scoring system(s)?” The agencies have agreed to correct this design error by restoring the text field, consistent with the public comment.

Whether Exposure Amounts are Inclusive of Initial Margin in Schedule Q

The agencies proposed a new Schedule Q (Cleared Transactions) to capture exposures to central clearing parties (CCPs), consistent with section 133 of the revised regulatory capital rules. The commenter sought clarification on whether proposed line items 3 and 4 were inclusive of initial margin. The agencies have agreed to clarify the instructions, including a reference to the definition of a trade exposure under the capital rules, which explains that the line item values in question should be inclusive of initial margin.

250 Percent Risk Weight Category for Significant Investments in Unconsolidated Financial Institutions in Schedule R

The commenter highlighted that the proposed revisions to Schedule R (Equity Exposures) did not include a new field for equity exposures receiving a 250 percent risk weight that are significant investments in unconsolidated financial institutions that fall below the 10 and 15 percent deduction thresholds. Accordingly, the agencies have agreed to insert a field for this risk weight category as line item 7 in Schedule R. (Thus, line items 7 through 13 in the initial draft of proposed revised Schedule R would be renumbered as line items 8 through 14.)

Schedule S: Operational Risk

The agencies originally did not propose to revise Schedule S: Operational Risk. However, consistent with prior feedback received from reporting institutions, the agencies are proposing to clarify the existing instructions for several line items in Schedule S. The agencies believe these changes do not result in the collection of any new data, nor do they impact where institutions report operational risk data in Schedule S. Clarifications have been made to the instructions for the following Schedule S line items:

- Line Item 3, “Expected Operational Loss (EOL)”;
- Line item 5, “Dependence Assumptions”;
- For items 8 through 15, the instructions indicate that legal reserves should be included for the purpose of determining frequency counts, total loss amounts, and loss maximums;
- Line item 9, “Highest dollar threshold applied in modeling internal operational loss event data”;
- Line items 11 through 15 related to loss-amount information;
- Line item 16, “How many individual scenarios were used in calculating the risk-based capital requirement for operational risk”;
- Line item 17, “What is the dollar value of the largest individual scenario”; and
- Line item 18, “Number of scenarios in the following ranges (e.g., \geq \$1 million and $<$ \$10 million).”

IV. Initial Reporting

For the March 31, 2014, and March 31, 2015, report dates, as applicable, institutions may provide reasonable estimates for any new or revised Call Report and FFIEC 101 items initially required to be reported as of that date for which the requested information is not readily available.

V. Request for Comment

Public comment is requested on all aspects of this joint notice. In particular, do advanced approaches institutions expect that making any specific line items on proposed revised FFIEC 101 Schedule A public would cause them competitive or other harm? If so, please identify the specific line items and describe in detail the nature of the harm.

Additionally, comments are invited on:

- (a) Whether the collections of information that are the subject of this notice are necessary for the proper performance of the agencies' functions, including whether the information has practical utility;
- (b) The accuracy of the agencies' estimates of the burden of the information collections as they are proposed to be revised, including the validity of the methodology and assumptions used;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Comments submitted in response to this joint notice will be shared among the agencies. All comments will become a matter of public record.

Stuart Feldstein,

Director, Legislative and Regulatory Activities Division,
Office of the Comptroller of the Currency.

Board of Governors of the Federal Reserve System, January 6, 2014.

Robert deV. Frierson,
Secretary of the Board.

Dated at Washington, D.C., this 24th day of December, 2013.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

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